INCOMING TELEGRAM

Department of State

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DEPARTMENT OF STATE A/CDC/MR
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FROM: Tripoli

TO: Secretary of State

NO: 430, February 17, 11 a.m.

PRIORITY

SENT DEPARTMENT 430, REPEATED INFORMATION LONDON 76, BENGHAZI UNNUMBERED.

Reference: EMBTEL 410.

Subsequent meetings "working group" ending February 16 resulted final draft six year economic development program with total cost through March 1961 of $114.5 million less funds available $46.4 million leaving balance $68.1 million. Although attitude GOL members substantially more reasonable than at first meeting they still determined rush program through. Program presented yesterday by working group to Prime Minister as broad overall statement Libya's development needs though not (repeat not) completely exact and detailed one. US participants insisted that group could not (repeat not) vouch for all individual projects since closer examination might prove some of them unwise or unnecessary.

Today on direct instructions Prime Minister Suleiman Jerbi came to Embassy (Foreign Office being closed) and delivered to me copy of program for immediate transmittal to Ambassador Tappin in Washington. I asked him convey following to Prime Minister:

1. Although US participants this exercise had yesterday expressed view magnitude program apparently reasonable in light Libya's needs and absorptive capacity, finalization exact projects within program impossible at this time.

2. Total resources available to Libya for economic development must include Italian and French contributions under recently signed agreements with those countries thus raising $46.4 million figure to $60.1 million.

3. Submission program to Washington in no (repeat no) way commits US Government to financing remaining shortfall in whole or in part.

4. Objective this exercise should be restricted providing Libya's western friends (i.e., UK, US, France, Italy and Turkey) with some idea here

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-2- 430, February 17, 11 a.m., from Tripoli

idea here economic development needs.

Am afraid in final analysis however regardless what we tell Libyans, here, they remain convinced US Government ready give "sympathetic consideration" finance shortfall this program.

By elimination certain projects which either of dubious value or subject financing from other sources good case could be made for development assistance allocations in US fiscal 1956 and 1957 of approximately $4 million per year. On this basis total development assistance requirement for six year period would be $21 million if special funds rephased, surplus commodities used for partial wage payments, and French and Italian treaty grants-in-aid forthcoming.

Single copy program being airmailled directly Department today.

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